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## Costa Rica

## Citrus

## Annual Report

## 2008

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**Report Highlights:**

Costa Rica's orange crop is expected to reach 7.5 million 40.824 kg. boxes during 2008/2009, 13.6 percent higher than in 2007/2008. Export value, however, is expected to decline as a result of lower international prices for orange juice concentrate.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
San Jose [CS1]  
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**COSTA RICA: ORANGE JUICE PRODUCTION AND TRADE**

Costa Rica's orange production is concentrated in the northern part of the Alajuela province, around Los Chiles, Guatuso and Upala, and in the northern part of Guanacaste, near the border with Nicaragua. Two companies, Ticofrut and Del Oro, are the main players in the production and processing of oranges. The two companies own orange groves, but also compete for the production of an estimated 4,000 independent producers. Production of oranges has also increased in Nicaragua, near the border with Costa Rica. The oranges from these plantations are trucked to Costa Rica for processing. Industry estimates put area planted at around 20,000 ha. and 6.8 million orange trees, including area planted on the Nicaraguan side of the border. The local industry plans to increase area planted. Preliminary estimates indicate that area planted may increase by approximately 3,700 ha. over the next couple of years in the vicinity of the current plantations in the north of Costa Rica. According to producers, production conditions, both in terms of climate and soils are very favorable on both sides of the Costa Rica-Nicaragua border. However, the lower international price for orange juice concentrate may result in slower growth of the sector. Orange juice concentrate prices have declined from \$1.98 per pound of solids in December 2006 to a recent \$0.80. The production cost is estimated to be \$.90 per pound of solids. Input prices, fertilizers in particular, increased sharply during 2007 and 2008.

Orange production reached 6.6 million boxes of 40.824 kgs. or 40.4 million pounds of solids in 2007/2008, including production from the Nicaraguan areas that produce for processing in Costa Rica. Weather conditions negatively affected production in general, resulting in lower than expected production. Production of oranges in 2008/2009 is forecast to rebound to 7.5 million boxes (a 13.6 percent increase) as compared to 2007/2008. Although growing conditions were negative (plantations in Los Chiles had early rains that induced flowering followed by drought conditions resulting in fruit loss), new trees coming into production are expected to result in higher output. The larger producers are beginning to try new varieties that allow planting a larger number of trees per hectare. This is expected to result in higher yields in the future.

Costa Rica exports the majority of its orange production as frozen orange juice concentrate. According to information from the Costa Rican Trade Promotion Board (PROCOMER), the total value of orange juice exported in different presentations reached \$84.5 million in 2007, up 62.5 percent from \$52.0 million in 2006. Export volume increased from 44,800 MT in 2006 to 47,920 MT in 2007. However, the average price increased from \$1.16/kg to \$1.76/kg over that period of time. Of the total volume exported in 2007, 32,720 MT was frozen orange juice concentrate and 14,021 MT was NFC juice. Exports of "other" orange juice amounted to 1,179 MT.

The United States was Costa Rica's main destination for orange juice exports in its different forms in 2007. Exports to the U.S. reached 31,804 MT, followed by the Netherlands with 9,111 MT. Other export markets included Guatemala and Nicaragua.

Costa Rican orange juice enters the United States duty free under the Caribbean Basin Initiative (CBI). This duty rate would become permanent upon Costa Rica's implementation of the CAFTA – DR.